March 14, 2016

The Honorable Deb Fischer
United States Senate
454 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Fischer:

I am following up on your question from the March 2nd hearing regarding broadband networks owned by municipal governments. You specifically asked whether or not the FCC has authorized municipal broadband providers to receive funding through the Rural Broadband Experiments Program. The direct answer to your question is that the FCC has not—and will not—authorize disbursement of Rural Broadband Experiment funds to any municipally-owned broadband provider for areas where a competitor has been providing service. I provide below the status of all such networks that have been involved in that program.

In July 2014, the Commission adopted rules for a limited program of rural broadband experiments and established a competitive bidding process to select projects from entities willing to deploy robust broadband to consumers in areas within price-cap telephone companies' territory where no competitor was providing broadband service. Bids were due on November 7, 2014. The Wireline Competition Bureau (Bureau) announced a first list of provisionally selected bidders on December 5, 2014, and announced additional provisionally selected bidders on March 4, 2015. As of June 2015, the Bureau announced that no additional rural broadband experiments bids would be selected. Four of the provisionally selected bidders could be characterized as providers owned by municipal governments.

In order to be authorized to receive funding, all provisionally selected bidders must meet several requirements: specifically, the Bureau must find each provisionally selected bidder is financially and technically qualified, has received eligible telecommunications carrier (ETC) designation by the state commission (or the FCC, if the state lacks jurisdiction), and has an acceptable irrevocable stand-by Letter of Credit. In each case, there are deadlines for submitting the requisite information, and the Bureau must affirmatively find the submission to be satisfactory in order for the applicant to proceed. Only after all of those requirements are met will the Bureau authorize the disbursement of support. Prior to that time, there is no funding commitment under Federal law; the provisionally selected bidders merely are applicants for support.
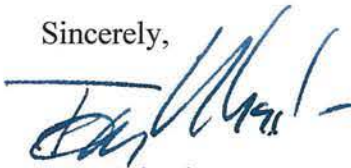
Of the four bidders noted above, one affirmatively withdrew its bid prior to the deadline to submit financial and technical information. Two more were removed by the Bureau for failing to comply with the requirements. The last of the four provisionally selected bidders – Lake

County d/b/a Lake Connections in Minnesota – remains under consideration, but has not yet met all of the Commission's post-selection requirements.

Lake Connections was provisionally selected to apply for about $3.5 million in support for a fiber-to-the-home project serving 7,000 locations in 847 census blocks. After a challenge process specifically designed to ensure that the areas in question were unserved by unsubsidized competitors, the Bureau determined that two of those 847 census blocks were served by a competitor. These blocks were removed from the project and the application for support was reduced accordingly to $3.49 million. Lake Connections timely submitted the required financial and technical information and timely submitted a letter of credit commitment letter. Lake Connections has filed a petition for waiver of the deadline for submitting proof of its ETC designation; although it filed its ETC petition with the Minnesota Public Utilities Commission on January 29, 2015, it was not designated until December 2, 2015. The Bureau would need to grant Lake Connections' petition for waiver of the ETC filing deadline prior to finding it "ready to authorize." Were the Bureau to do so, Lake Connections would then have to produce a letter of credit prior to being authorized to begin receiving support.

I appreciate your interest in this matter. Please let me know if I can be of further assistance.

Sincerely,

Tom Wheeler